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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
September 1965

Number 2

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY SEPTEMBER 1965

The Order MINIMUM producer uniform price is \$4.58 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5 percent. It is understood the Chattanooga Area Milk Producers Association will pay a premium of 42 cents or a producer uniform price of \$5.00 per cwt. for milk testing 3.5 percent.

During September, 85.4% of the total producer milk was priced in Class I at \$4.82 per cwt. with a butterfat differential of 7.9 cents and 14.6% in Class II at \$3.30 per cwt. with a butterfat differential of 7.2 cents. The daily average use of Class I milk increased 20.8% compared with August 1965 and increased 4.2% compared with September 1964.

Daily average delivery of milk from producers was 655,531 pounds in September 1965, an increase of 43,623 pounds per day compared with August 1965 and an increase of 36,760 pounds compared with September 1964. Percentage-wise, September deliveries increased 7.1% and 5.9% compared with August 1965 and September 1964 respectively. The daily average farm delivery was 992 pounds compared with 906 pounds per farm for September 1964. This shows an increase of 86 pounds (10 gallons) per farm per day.

PRODUCER MILK BASES

Producers supplying milk to handlers regulated by the Chattanooga Order began forming new bases September 1, 1965. The BASE-FORMING PERIOD IS SEPTEMBER 1965 THROUGH JANUARY 1966. According to the base rules of the Chattanooga Order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (Sept. 1965 through Jan. 1966) by the number of DAYS FOR WHICH DELIVERY IS MADE, OR BY 120, WHICHEVER IS GREATER. Bases will be used during the 1966 base-operating period of March through July 1966. Producers, especially partners, should take precaution to see if their name is correctly listed.

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
January thru September

1965	Producer Milk	167,526,780 lbs.	up 10.3% from 1964
1964	Producer Milk	151,939,453 lbs.	
1965	Gross Class I	134,178,455 lbs.	up 1.8% from 1964
1964	Gross Class I	131,804,364 lbs.	
1965	Gross Class II	46,274,273 lbs.	up 40.7% from 1964
1964	Gross Class II	32,898,600 lbs.	

0 30 60 90 120 150 180

(Million Pounds)

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Sept. '65 Over Sept. '64	Sept. 1965	Aug. 1965	Sept. 1964
Number of Plants (Pool and Non-Pool)		11	11	13
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 5.9	655,531	611,908	618,771
Other Source	+ 22.1	24,139	20,608	19,771
Other Federal Orders	- 17.4	13,788	24,109	16,692
Total Milk Receipts	+ 5.8	693,458	656,625	655,234
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 0.03	410,114	374,893	410,002
Fluid Skim	- 2.6	22,658	21,229	23,257
Buttermilk	- 6.0	41,444	40,286	44,083
Flavored Milk and Drink	+ 2.4	14,669	14,857	14,322
Fluid Cream (Sweet and Sour)	+ 2.3	2,659	2,597	2,600
Other (Shrinkage, Inventory, etc.)		2,288	4,807	1,126
Transfers to Non-Pool Plants		78,378	15,023	53,814
Total Class I Milk	+ 4.2	572,210	473,692	549,204
Class II Uses:				
Ice Cream Mixes		45,089	51,500	44,322
Cottage Cheese		19,140	19,670	21,893
Powdered and Condensed Milk		21,225	31,906	18,810
Livestock Feed and Skim Dumped		6,183	6,274	4,996
Shrinkage Class II		10,969	11,192	9,994
Other (Butter, Inventory, etc.)		9,118	12,601	(732)
Transfers to Non-Pool Plants		9,524	49,790	6,747
Total Class II Milk	+ 14.4	121,248	182,933	106,030
Class I Pounds in Marketing Area	+ 4.1	306,323	281,308	294,174
Class I Pounds Outside Marketing Area	+ 4.3	265,887	192,384	255,030
Gross Class I Butterfat Pounds	+ 5.1	20,817	16,944	19,802
Gross Class II Butterfat Pounds	+ 0.2	5,566	7,763	5,556
Total Butterfat Pounds	+ 4.0	26,383	24,707	25,358
% Producer Milk of Gross Class I		114.6	129.2	112.7
% Producer Milk priced in Class I		85.4	75.6	87.9

OCTOBER 1965 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Oct. '65	Sept. '65	Oct. '64
Basic Formula	\$3.29	\$3.25	\$3.24
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.16)	(0.18)	(0.12)
Class I Price, 3.5% Butterfat	\$4.88	\$4.82	\$4.87
Per \$1090.51(a)			
Supply-Demand Comparison: 1st and 2nd preceding months: August and September			
Supply: Lbs. Producer Milk (Aug. 18,969,148 and Sept. 19,665,942)			38,635,090
Demand: Lbs. Net Class I Milk (Aug. 14,610,749 and Sept. 17,101,719)			31,712,468
Utilization Percentage: Producer milk divided by Class I			122
Standard Utilization Percentage: Range 110-114			114
Net Deviation Percentage: Utilization minus Standard Utilization			Plus 8
Supply-Demand Adjustment: 2 cents x 8 percentage points			Minus \$0.16

Since the supply in relation to the demand is more than the desired standard, the price is decreased 16 cents per hundredweight (2 cents x 8 percentage points).

COMPUTATION OF PRODUCER UNIFORM PRICE

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SEPTEMBER 1965	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		17,166,297	3.638		
Less Other Source		363,658	3.356		
Producer Milk Class I	85.4	16,802,639	3.644029	\$4.933783	\$829,005.75
Gross Class II		3,637,454	4.591		
Less Other Source		774,151	0.735		
Producer Milk Class II	14.6	2,863,303	5.633738	4.836291	138,477.67
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	19,665,942	3.933725		\$967,483.42
Add Fractional Adjustment					.03
Add Value of Overage					70.60
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		58,511			2,101.42
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,210.06
TOTAL VALUE AT TEST		19,724,453	3.927825	\$4.957631	\$977,865.53
Less Test over 3.5% @ 7.8¢ per point		19,724,453	.427825	\$0.333704	65,821.29
TOTAL UTILIZATION VALUE AT 3.5%		19,724,453	3.5	\$4.623927	\$912,044.24
Less Producer-Settlement Fund Reserve		19,724,453		.043927	8,664.36
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		19,724,453	3.5	\$4.58	\$903,379.88

 SEPTEMBER 1965 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 7.8¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.19	3.6	\$4.658	4.2	\$5.126	4.8	\$5.594	5.4	\$6.062
3.05	4.229	3.65	4.697	4.25	5.165	4.85	5.633	5.45	6.101
3.1	4.268	3.7	4.736	4.3	5.204	4.9	5.672	5.5	6.14
3.15	4.307	3.75	4.775	4.35	5.243	4.95	5.711	5.55	6.179
3.2	4.346	3.8	4.814	4.4	5.282	5.0	5.75	5.6	6.218
3.25	4.385	3.85	4.853	4.45	5.321	5.05	5.789	5.65	6.257
3.3	4.424	3.9	4.892	4.5	5.36	5.1	5.828	5.7	6.296
3.35	4.463	3.95	4.931	4.55	5.399	5.15	5.867	5.75	6.335
3.4	4.502	4.0	4.97	4.6	5.438	5.2	5.906	5.8	6.374
3.45	4.541	4.05	5.009	4.65	5.477	5.25	5.945	5.85	6.413
3.5	4.58	4.1	5.048	4.7	5.516	5.3	5.984	5.9	6.452
3.55	4.619	4.15	5.087	4.75	5.555	5.35	6.023	5.95	6.491

MILK SAMPLES TESTED - Producer Fresh Samples 5,581 - Handler Finished Products 276.

SEPTEMBER 1965 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	79.1	612,293	\$0.79	\$483,711.47
Class II	20.9	161,311	0.72	116,143.92
Total	100.0	773,604		\$599,855.39

Total Butterfat value ÷ Total Producer fat pounds = \$0.775404

Producer Butterfat Differential per point variation above or
 below 3.5 percent - - - - - \$0.078

This producer butterfat differential is used to adjust the announced producer uniform price at 3.5% to the various tests as shown in the above table.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '64	\$4.60	-	-	7.6¢	\$4.80	7.7¢	\$3.26	7.1¢
Oct.	4.71	-	-	7.8	4.87	8.0	3.23	7.0
Nov.	4.83	-	-	7.8	5.10	7.9	3.30	7.2
Dec.	4.75	-	-	7.8	5.10	8.1	3.18	6.8
Jan. '65	4.66	-	-	7.4	5.06	7.7	3.12	6.7
Feb.	4.59	-	-	7.2	5.00	7.5	2.80	6.7
Mar.	4.54 ^{2/}	\$4.67	\$2.73	7.2	4.97	7.5	2.77	6.7
Apr.	4.41 ^{2/}	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 ^{2/}	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	4.34 ^{2/}	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 ^{2/}	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	-	-	-	-	4.88	8.1	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
	4 Tenn.	Butter	4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.	
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powder	Mfg.Grade Milk	
			\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Sept. '64	2.72	3.26	3.075	61.32	14.30		3.24
Oct.	2.77	3.23	3.119	60.47	14.29		3.27
Nov.	2.79	3.30	3.150	62.27	14.23		3.29
Dec.	2.81	3.18	3.150	59.24	14.20		3.29
Jan. '65	2.81	3.12	3.144	58.00	14.23		3.25
Feb.	2.80	3.12	3.138	57.99	14.27		3.22
Mar.	2.77	3.12	3.106	57.99	14.25		3.22
Apr.	2.73	3.17	3.069	58.97	14.22		3.23
May	2.68	3.17	3.025	58.97	14.28		3.22
June	2.66	3.17	3.000	58.97	14.21		3.20
July	2.66	3.17	3.000	59.00	14.24		3.21
Aug.	2.65	3.25	3.000	61.03	14.31		3.25
Sept.	2.72	3.30	3.081	62.22	14.21		3.29

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm-	--Pounds		
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Sept. '64	13	655,234	549,204	544,006	618,771	-	683	906	-	-	3.99
Oct.	13	611,925	542,454	537,447	579,111	-	682	849	-	-	4.24
Nov.	13	615,385	504,706	498,734	577,281	-	680	849	-	-	4.24
Dec.	12	609,740	495,937	489,893	577,526	-	681	848	-	-	4.29
Jan. '65	12	635,165	494,256	488,626	596,761	-	679	879	-	-	4.21
Feb.	12	633,273	499,105	486,765	591,241	-	676	875	-	-	4.22
Mar.	12	626,437	494,283	483,039	590,445	552,135	673	877	820	57	4.17
Apr.	12	697,927	497,275	486,698	642,007	569,531	667	963	854	109	4.02
May	12	692,923	474,496	464,947	634,015	559,591	668	949	838	111	3.92
June	12	666,977	448,404	435,985	604,907	541,251	665	910	814	96	3.91
July	11	645,957	471,881	459,483	595,861	531,137	663	899	801	98	3.89
Aug.	11	656,625	473,692	462,349	611,908	-	661	926	-	-	3.87
Sept.	11	693,458	572,210	560,088	655,531	-	661	992	-	-	3.93

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I